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CITY OF ST. LOUIS



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FILE COPY

July 25, 2012

William Gagen, Director
Southwestern Illinois College
2500 Carlyle Avenue
Belleville, IL 62221

RE: Workforce Investment Act (WIA) (Project #2012-SLATE05)

Dear Mr. Gagen:

Enclosed is a report of the fiscal monitoring review of the Southwestern Illinois College, a not-for-profit organization, WIA Program, for the period July 1, 2011 through March 31, 2012. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Southwestern Illinois College. Fieldwork was completed on May 8, 2012.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, St. Louis Agency on Training and Employment (SLATE) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Michael K. Holmes, Program Manager, SLATE
Kim Neske, Fiscal Manager, SLATE



CITY OF ST. LOUIS

**ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)
WORKFORCE INVESTMENT ACT (WIA)**

**SOUTHWESTERN ILLINOIS COLLEGE
CONTRACT #412-12
CFDA #17.269**

FISCAL MONITORING REVIEW

JULY 1, 2011 THROUGH MARCH 31, 2012

PROJECT #2012-SLATE05

DATE ISSUED: JULY 25, 2012

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)
WORKFORCE INVESTMENT ACT (WIA)
SOUTHWESTERN ILLINOIS COLLEGE
FISCAL MONITORING REVIEW
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INTRODUCTION

Background

Contract Name: Southwestern Illinois College
Contract Number: 412-12
Contract Period: July 1, 2011 through June 30, 2012
CFDA Number: 17.259
Contract Amount: \$137,523

This contract provided Workforce Investment Act (WIA) funds to Southwestern Illinois College (Agency) to promote advance training in healthcare and IT certifications.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local St. Louis Agency on Training and Employment (SLATE) requirements for the period July 1, 2011 through March 31, 2012 and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by SLATE. Evidence was tested supporting the reports the Agency submitted to SLATE and other procedures were performed as considered necessary. Fieldwork was completed on May 8, 2012.

Exit Conference

The Agency declined an exit conference on July 5, 2012.

Management's Response

Management's responses to the observations and recommendations noted in the report were received on July 13, 2012. These responses have been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state, and local SLATE requirements.

Status of Prior Observations

This was the first monitoring visit for the Agency; therefore, there were no previous reports.

A-133 Status

The Agency expended \$500,000 or more in federal funds for the calendar year ending June 30, 2011 therefore, it was required to have a single audit in accordance with OMB Circular A-133.

The report was dated October 31, 2011 unqualified opinion on both the general purpose financial statements and the federal awards. There were no material weaknesses or significant deficiencies identified on the financial statements. There was one significant deficiency that was identified on the audit of the federal awards that was considered to be a material weakness. This finding did not apply to the WIA grant passed through the City of St. Louis. This finding was required to be reported in accordance with Section .510(a) of OMB Circular A-133.

The Agency did not qualify as a low risk auditee.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state, and local SLATE requirements.

- Opportunity to spend grant funds during the contract period

DETAILED OBSERVATIONS, RECOMMENDATIONS, MANAGEMENT RESPONSES

Opportunity To Spend Grant Funds During The Contract Period

Payroll expenses were tested for the voucher dated February 2012. The voucher contained payroll along with fringe benefits for the months of July 2011 through January 2012 as well as payroll from June 2011 which fell outside of or prior to the contract service date.

Position	Pay Period Reimb.		
	End	Salary	Fringes
Case Manager	6/3/11	\$ 508.02	\$14.88
Case Manager	6/17/11	\$1,655.85	
Case Manager	6/17/11	\$ 171.23	
ABE Instructor	6/17/11	\$ 352.48	
Total:		\$2,687.58	\$14.88

OMB Circular A-133 states that funds allocated by a State to a local area for any program year are available for expenditure only during that program year. Paragraph 2 of the contract states that the services of the Contractee are to commence as of July 1, 2011 and shall be completed within 365 consecutive calendar days from the date of this Contract or not later than June 30, 2012.

The Program Director authorized the salary to be charged to this contract.

Requesting reimbursements for payroll expenditures outside the contract period may result questioned costs or suspension/termination of the grant.

Recommendation

It is recommended that the Agency repay SLATE the questioned costs of \$2,702.46 or reduce future billings to offset the questioned amount. In addition, it is recommended that the Agency request reimbursement for only expenditures incurred during the grant period.

Management's Response

Per recommendation, this amount \$2,702.46 was deducted from the final invoice submitted on 7/11/2012. These expenses were incurred/earned in FY 2011, and paid in FY 12. The FY 2011 report was due prior to the final payroll posting.

This situation occurred again in the current year. We did not include payroll paid on 7/13/12 although this was earned within the grant period 6/16/12 through 6/30/12.